



Foxx to state DOTs: The highway funding situation 'remains dire'



Lauren Schneiderman

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Transportation Secretary Anthony Foxx warned state and local transportation officials Friday that the federal government may soon have to cut off reimbursements for large infrastructure projects.

Lawmakers have been trying to find a way to close a **shortfall** in transportation funding that is estimated to be as high as \$16 billion per year.

Foxx said Friday that his department would have to begin preparing for the possibility that they will not reach an agreement, however.

"The situation remains dire," Foxx wrote in a letter to state DOT chiefs. "As you may know, in about a month, the balance of the Highway Trust Fund Account will likely dip below a critical threshold at which the Department of Transportation (DOT) must begin to implement cash management procedures."

Foxx has been pushing lawmakers to approve a four-year, **\$302 billion** transportation bill to prevent the Highway Trust Fund bankruptcy. The proposal calls for using approximately \$150 billion from closing corporate tax loopholes to help pay for the new infrastructure spending, in addition to revenue that is collected from the federal gas tax.

The gas tax, which is currently priced at 18.4 cents-per-gallon, has long been the traditional source for transportation funding. The tax only brings in about \$34 billion per year, however, and the current level of transportation spending infrastructure advocates want lawmakers to maintain is about \$50 billion annually.

Foxx said Friday that he would have no choice but to cut off federal payments to state transportation department if Congress does not act to close the shortfall.

"We will take every reasonable and appropriate step to fully reimburse your state for long as possible," he wrote.

"To be clear, however, if the trust fund becomes insolvent, DOT would likely need to delay some reimbursements owed to your agency," Foxx continued. "We understand and regret that such measures may be necessary as the current construction season is ongoing."

The current transportation funding bill is scheduled to expire on Sept. 30. The DOT has said that it will run out of infrastructure money as early as August, however, complicating the funding debate in Washington.

Lawmakers in the House and Senate have proposed very different proposals for paying for a new round of transportation funding. House leaders have called for using approximately \$16 billion from **cutting back** on Saturday deliveries at the U.S. Postal Service to pay for at least one year of transportation projects.

Advocates for both transportation and postal workers have objected to the idea of combining the two funding issues, and Democrats in the Senate have dismissed the GOP's postal plan as "**unworkable**."

A bipartisan pair of senators suggested this week that lawmakers enact a 12-cent **increase** in the gas tax. The gas tax has not been increased since 1993, and it was not indexed to inflation when it last raised more than 20 years ago.

Lawmakers in the House have balked at the idea of raising the amount of taxes that are paid by drivers when they are filling up at the pump in the middle of an election, however. The Obama administration has also stated that its preference is for the corporate tax reform proposal.

Foxx said Friday that he was going to continue prodding Congress to find a solution to the transportation funding problem.

"We have and will continue to sound the alarm bell that hundreds of projects and thousands of jobs are at risk," he wrote.

He called for state transportation officials to contact their representatives in Congress to help him make the case.

"I encourage you to join me in urging Congress to ensure the continued solvency of the trust fund while committing to a longer term agreement on surface transportation funding that increases investment and contains the policy drivers that put our country in a better position to get projects done, grow jobs, and improve the quality of life for all Americans," Foxx wrote.

TAGS: Anthony Foxx, Highway Trust Fund, Gas Tax, Transportation Funding shortfall, MAP-21 Reauthorization

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